

RETENTION: July 31, 1998

TO: HEADS OF GOVERNMENT DEPARTMENTS, AGENCIES, AND OTHERS CONCERNED

SUBJECT: UNCLAIMED OR UNKNOWN ACCOUNTS AND OTHER FINANCIAL TRANSACTIONS

1. PURPOSE

This bulletin supercedes TFM Bulletin No. 94-06 (February 18, 1994). Account 20X6162, "Recovered Assets" is now closed and agencies must deposit proceeds representing recovery of unclaimed or unknown assets into account 201060, "Miscellaneous Receipts." Valid claims for the return of proceeds deposited into this account should be paid from account 20X1807, "Refund of Moneys Erroneously Received & Covered."

This bulletin supplements the requirements of I TFM 6-8025, Billings and Collections, and I TFM 6-8060, Cash Held Outside Treasury, regarding cash management practices in Federal Departments and Agencies. These chapters will be revised to conform to this bulletin.

2. EFFECTIVE DATE

Upon receipt.

3. BACKGROUND

Several types of Federally-owned or partially Federally-owned monetary assets held by financial institutions, state or local governments, corporations, and other entities have, on occasion, passed from Federal agencies' financial control or are unknown to Federal agencies. This happens for many reasons. Occasionally, payments were sent to agencies and mail delivery was not completed because of faulty addresses. Some payments include unnegotiated money orders, travelers checks, and certified checks returned and held by banks or other issuing companies. In other cases, program officials established escrow or other accounts outside the Department of the Treasury (Treasury) banking facilities and did not provide proper notice to the agency finance offices. In other instances, proceeds from bankruptcy cases, bequests to government, dividends from stock certificates seized by Federal agencies, misdirected refunds, credits, rebates, demurrage, and returned checks issued by individuals, companies, and units of national, state and local governments may not have been claimed by the Federal agencies. In this bulletin, these assets are referred to as unclaimed or unknown monetary assets.

4. INTERNAL CONTROL

Federal agencies shall instruct program officials that any deposits made, or bank accounts established, outside of Treasury depository arrangements must be reported to the agencies' financial management office. Financial management offices determine whether the transactions have been handled in accordance with this bulletin. If agencies have authority to make deposits or establish accounts outside of Treasury depositories, financial management offices must maintain a record of these transactions.

Each state has laws regarding escheat to the state of inactive accounts and unclaimed returned payments held by financial institutions. Agency financial management offices should establish controls to assure inactive accounts held outside of Treasury do not escheat from Federal control. Agency financial management offices should confirm the status (the amounts and locations) of all accounts held outside of Treasury, as well as the status of all filed claims (for instance, bankruptcy claims) at least once a year. **Note: Periodic statements will satisfy this requirement.**

5. DIRECT RECOVERY OF UNCLAIMED ASSETS

If Federal agencies receive notification of unclaimed or unknown assets from sources other than finders asking for a percentage of the amount recovered, agencies must submit claims to recover assets. Agencies need not process single claims if the cost of recovery clearly exceeds the amount of the claim, which is currently \$50. If a low dollar claim may be batched with other claims to total over \$50, claims must be submitted.

Unless authorized by law to deposit proceeds into specific trust funds or accounts, upon receipt of proceeds representing recovered Federal unclaimed or unknown assets, Federal agencies must immediately deposit proceeds into account 201060, "Miscellaneous Receipts," using appropriate agency location codes (ALC). **Note: Effective immediately account 20X6162 is closed.**

6. USE OF FINDERS

Agencies are occasionally contacted by finders who suggest they have information on unclaimed or abandoned Federal monetary assets. The Debt Collection Improvement Act of 1996 authorizes agencies to enter into contracts to locate or recover assets of the United States Government and to pay fees from amounts recovered (see 31 U.S.C. §§ 3718(a) and (d)). Agency heads may not enter into such contracts to locate or recover assets of the United States held by state governments or financial institutions unless agencies have established procedures approved by the Secretary of the Treasury to identify and recover such assets. Treasury will publish additional guidance for Federal agencies on the use of the finders and the payment of finders' fees.

7. THE ROLE OF TREASURY

Treasury will provide guidance to agencies in the collection of unclaimed or unknown monetary assets. If agencies do not make timely recovery on unclaimed or unknown monetary assets, the Treasury will serve as collector of last resort. For specific, guidance agencies should contact Treasury (see INQUIRIES section).

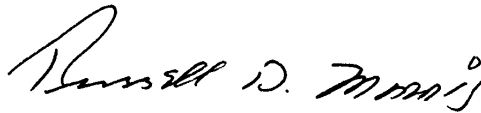
8. ORIGINAL PAYOR CLAIM

If, after recovering unclaimed or unknown monetary assets, original payors or agents thereof make claims for the return of recovered assets, Federal agencies recorded as owners of the assets will be responsible for settling the claim. When agencies have taken appropriate steps to ensure that the settlement of claims is warranted, agencies will notify Treasury to fund the settlement from the account 20X1807, "Refund of Moneys Erroneously Received & Covered." Agencies may not disburse from account 201060.

9. INQUIRIES

Questions concerning this bulletin should be directed to:

Director, Government-wide Policy and Planning Division
Debt Management Services
Financial Management Service
Department of the Treasury
401 14th Street, SW.
Room 150A
Washington, DC 20227
(Telephone 202-874-6660)



Date: October 10, 1997

Russell D. Morris
Commissioner